

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

In the Matter of

Federal-State Joint Board on Universal Service

Lifeline and Link Up

WC Docket No. 03-109

COMMENTS OF NEXUS COMMUNICATIONS, INC.

Nexus Communications, Inc. ("Nexus") supports the Commission's efforts to review the eligibility, verification and outreach rules for the Low Income program in light of developments in technology and the marketplace since the last revision of these rules in 2004.¹

I. THE LOW INCOME PROGRAM MUST EMBRACE TECHNOLOGY AND MARKET CHANGES

One of the major market developments since the last revision of the Low Income regulations, of course, is the huge growth in wireless services, such that approximately 22% of the general population does not subscribe to any wireline telephone service at all.² This is even more true for the Low Income program target population. In fact, the Centers for Disease Control and Prevention ("CDC") recently issued a report finding that "[a]dults living in poverty

¹ *Federal-State Joint Board on Universal Service Seeks Comment on Lifeline and Link-Up Eligibility, Verification, and Outreach Issues Referred to Joint Board*, Public Notice, FCC 10J-2, CC Docket 96-45 and WC Docket 03-109 (FCC rel. June 15, 2010), *seeking comment on In Re Federal-State Joint Board on Universal Service, Lifeline and Link Up*, Order, FCC 10-72, CC Docket 96-45 and WC Docket 03-109 (FCC rel. May 4, 2010) ("Order"). Nexus is an Eligible Telecommunications Carrier ("ETC") in 19 states, and provides services supported by the Low Income program utilizing both wireline and wireless services.

² Order at ¶ 10.

(36.3%) and adults living near poverty (29.0%) were more likely than higher income adults (19.6%) to be living in households with only wireless telephones.”³ The CDC noted that this trend has been steadily increasing.⁴ This is a clear indication that people living at or near the poverty line, which, generally speaking, are the intended beneficiaries of the Low Income program, find that wireless telephone service best meets their business and personal needs. This may be due to various factors such as more frequent relocation to find work and less time spent in their residences due to juggling multiple jobs. Many of these consumers also opt, where available, for prepaying for the minutes of use for these services as a convenient budgeting mechanism or because they do not meet typical financial requirements for post-paid plans. Again, the program needs to support these types of developments in the marketplace, while continuing to guard against waste, fraud and abuse.

Nexus encourages the Commission to review its eligibility, verification and outreach rules as they pertain to new technologies, such as wireless and broadband, as well as market developments. Section 254 of the Communications Act defines the concept of universal service as “an evolving level” of services to be periodically reviewed by the Commission and the Joint Board.⁵ There is a clear statutory basis, therefore, for ensuring that the program supports technologies that are (in the case of wireless) or will very soon become (in the case of broadband) the prevailing technologies used for communications in this country, as well as business practices that meet consumer demand and needs.

While the Commission’s Order and its National Broadband Plan seem to recognize the value of wireless services for Low Income participants, ETCs utilizing wireless technology often

³ *Wireless Substitution: Early Release of Estimate from the National Health Interview Survey, July-December 2009*, Centers for Disease Control and Prevention (rel. May 12, 2010), available at <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201005.pdf>, at 3.

⁴ *Id.* at 2.

⁵ 47 U.S.C. § 254(c)(1).

encounter a bias at the state level for the more familiar wireline telephone offerings of the incumbent local exchange carriers.⁶ Nexus supports revising the eligibility, verification and outreach rules to the extent necessary to address any specific and real concerns raised by the use of wireless technology and prepayment for services. At the same time, the Low Income program should embrace this technology and various payment plans as powerful tools to assist the low income population, and otherwise focus on supporting needed services on a technology- and competitively-neutral basis. Nexus' comments on some of the specific proposals in the Order follow in the sections below.

II. NEUXS SUPPORTS A NATIONAL CONSUMER ELIGIBILITY AND VERIFICATION DATABASE

Nexus supports permitting eligibility certification and verification processes to take place online, and also supports a PIN-based system that would provide a unique identifier for each Low Income qualifying consumer. An online system should be made available in order to facilitate more efficient processing of customer information. Moreover, a PIN-based database could be used as an additional safeguard against duplicate claims. The existing Low Income rules provide for very limited mechanisms to guard against a single household "double dipping" into the fund, relying on self-certifications made by potential Low Income subscribers regarding their residential status and eligibility to participate in the program.

⁶ See e.g., *The National Association of State Utility Consumer Advocates, Resolution 2010-02 Calling for Reform of the Lifeline Program, Including Reform for Prepaid Wireless Lifeline Services* ("NASUCA Resolution"), available at <http://www.nasuca.org/archive/Low-income%20Resolution-%20FINAL%202010-02.doc>. The NASUCA Resolution recognizes, on the one hand, that "wireless service has become an increasingly important part of telecommunications service, including Lifeline," and yet, throughout the resolution, favors the one technology being dropped by more and more Americans, stating that NASUCA "continues to support the Lifeline program, *particularly for wireline service.*" *Id.* at 1 and 3 (emphasis added).

A national, customer qualification, PIN-based database, on the other hand, would provide service providers and regulators a centralized place to verify which households are currently receiving Low Income subsidies and the level of subsidy to which each household is entitled. This would certainly go a long way to reducing risk of duplicate claims, as well as ease the administrative burdens associated with the current fragmented, largely paper based system. The states could remain primarily responsible for administering the process for determining customer eligibility including periodic verifications of continued eligibility, but the final customer status would be made available via the database. A database that indicates whether a household is already receiving supported services and if not, the level of available subsidy would also provide assurance to states concerned with ensuring compliance with respect to services provided via wireless technology.

III. NEXUS SUPPORTS EXPANDING AND IMPROVING OUTREACH EFFORTS

Nexus supports the Commission's continued efforts to expand and improve consumer outreach methods. Nexus engages in extensive outreach efforts, including deploying mobile information centers directly to neighborhoods with high concentrations of qualifying consumers. Nexus also works through state Department of Human Services offices and community outreach centers to provide consumers with Low Income program information.

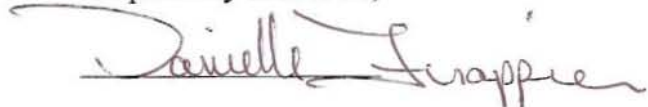
Although these direct outreach efforts are more resource intensive traditional print or electronic media efforts, Nexus has found that its direct outreach efforts have historically been much more successful in getting the word out about the existence of Lifeline and Link-Up funding. Through these efforts Nexus has been able to provide service to numerous subscribers

who are new to the program simply because they previously were unaware that they met the qualification criteria or were not even aware that the program existed.

IV. CONCLUSION

The Low Income program has been one of the true success stories of the Commission's universal service policy, bringing much needed services to low income consumers. Nexus supports the Commission's current effort to expand and adapt the program to the changing needs of the target low income population. These changing needs include the need for access to now-ubiquitous technologies, such as wireless, and alternative payment options that are better suited for the economic needs of low income consumers. Their needs should be the focus of service providers and regulators alike.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Danielle Frappier", with a stylized flourish at the end.

Danielle Frappier
DAVIS WRIGHT TREMAINE LLP
1919 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006-3401
Phone: (202) 973-4242

Counsel for Nexus Communications, Inc.